

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re:

Chapter 11

**AAGS HOLDINGS LLC,**

Case No: 19-13029-smb

Debtor.

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**PLAN SUPPLEMENT**

Dated: New York, New York  
October 21, 2019

ROBINSON BROG LEINWAND GREENE  
GENOVESE & GLUCK P.C.  
875 Third Avenue  
New York, NY 10022  
Counsel for the Debtor

**Exhibit A**

**Exit Loan Facility Term Sheet**

**Exit Loan Facility Term Sheet**  
**GENERAL INFORMATION & SUMMARY OF TERMS**

The proposed terms and conditions set forth below are for an exit financing loan facility in the amount of \$29,750,000 (the "Exit Facility" or the "Exit Loan") for AAGS Holding LLC, a Delaware limited liability company ("Borrower"). The proposed terms and conditions are provided for discussion purposes only and do not constitute an offer, agreement, or commitment to lend or to extend any financial accommodations whatsoever to Borrower or any other person. The actual terms and conditions upon which the Exit Lender (as defined below) might extend credit to Borrower are subject in all events to credit approval, satisfactory review and execution of documentation, and such other terms and conditions as may be determined by the Exit Lender, and its counsel. This Term Sheet does not attempt to describe all of the terms, conditions, and requirements that would pertain to the Exit Facility described below, but rather is intended to outline certain basic items around which such a facility would be structured. Without limiting the foregoing, this Term Sheet is (i) neither a proposal nor a commitment and (ii) subject to the internal credit approval of the Exit Lender.

Debtor: Borrower as debtor-in-possession in case (the "Case") pending as of the filing date (the "Filing Date") under chapter 11 of the United States Bankruptcy Code (11 U.S.C. §§ 101, et seq., "Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court").

Guarantors: Gary Segal (the "Individual Guarantor")

Exit Lender: Churchill Real Estate Fund, or its affiliates (the "Exit Lender")

Exit Facility: Exit Loan will be secured by a first mortgage on the Property acquired by the Debtor with the Exit Loan proceeds as well as a pledge of membership interests of the Borrower. The Loan maybe divided into one (1) or more tranches, and may be treated as an A Loan, B Loan and/or C Loan (with each tranche having its own Note and Mortgage) and/or mezzanine loans in Exit Lender's sole discretion, and the Loan shall be documented accordingly. Such division of Exit Loan shall not affect the overall Interest Reserve or Collateral. If costs for structuring occur post-Closing Borrower shall be responsible for costs related to post-Closing structuring. The maximum amount of Exit Loan outstanding at any one time shall not exceed \$29,750,000 (the "Exit Loan Commitment").

Use of Exit Loan Proceeds: The proceeds of the Exit Loan Facility will be used by the Borrower, subject to the terms and conditions of the Exit Loan Documents (as defined below), only for the following purposes: (i) to pay the allowed claims under the Debtor's Plan of Reorganization as confirmed by the Bankruptcy Court; (ii) to pay the fees and expenses of the Debtor's professionals and statutory fees due the office of the United States Trustee; and (iii) to pay

the fees and expenses due to Exit Lender from time to time under the Exit Facility (including all legal, financial advisory, appraisal, and related professional fees and expenses), including those incurred in connection with the preparation, negotiation, documentation, and court approval of the Exit Facility; and (iv) to fund costs and purchase price to purchase the real property which is designated as Tax Block 425 Lot 5, is comprised of 81,000 GSF on a 27,200 SF land parcel, and commonly known as 23-10 Queens Plaza South, Queens, NY. (the "Property").

Term: Twelve (12) months from the Effective Date of the Plan of Reorganization

Extension Option One (1) Twelve (12) month extension option subject to the following conditions:

- i) sixty (60)-day notice to Exit Lender; and
- ii) No event of default under the loan;

Interest Rate: The greater of (1) 30-day LIBOR plus 10.00% and (2) 12.00% per annum. Interest shall adjust monthly based upon changes in the applicable index.

The default rate of interest with respect to each loan after the occurrence of an event of default under the DIP Facility, as applicable, will be the lesser of 24% and the maximum rate permitted under applicable law.

All interest will be payable monthly in arrears.

Amortization None; Interest only. Interest payments will be computed on a 360-day year.

Break-up Fee

In the event that Borrower fails to close the Exit Loan with the Exit Lender and closes the Exit Loan with another Lender or with all equity, for any reason aside from Exit Lender refusing to proceed with the Exit Loan on terms outlined herein, the Individual Guarantor shall pay Exit Lender termination fee of two percent (2.0%) of Maximum Loan Amount. Individual Guarantor's obligation for the Break-Up Fee shall survive termination of this Letter even if the loan does not close and shall be binding upon the Individual Guarantor and deemed earned upon execution of this Exit Loan Facility Term Sheet. The Guarantor's liability includes the Exit Lender's costs of collecting the Break-up Fee including reasonable attorney's fees.

Assignment of Contract upon Failure to Consummate Sale

If, notwithstanding that the Debtor's Plan of Reorganization is confirmed by the Bankruptcy Court, and the Exit Lender is ready, willing and able to timely provide the Exit Loan, the Debtor fails to consummate the sale of the Property in accordance with the terms of the Agreement of Purchase and Sale dated July 17, 2019 (the "PSA") at least three (3) business days prior to the expiration of the period pursuant to which it may cure any default under such contract under 11 U.S.C. § 108 (b), then the PSA shall be deemed assigned to the Exit Lender who shall be permitted to cure any defaults under the PSA and consummate the sale of the Property and acquire title thereto in its own name or in the name of its designee.

Closing Fee:

A closing fee in an amount equal to 2% of the Exit Loan Commitment, payable for the benefit of the Exit Lender, which fee will be fully earned upon entry of the Order confirming the Debtor's Plan of Reorganization and due and payable on the Effective Date.

Exit Fee:

None

Lender Expenses:

All fees and expenses of Exit Lender (including, without limitation, all lead and local attorneys' fees and expenses) incurred in connection with the Case and the Exit Loan Facility are to be reimbursed in full in cash promptly by Borrower on the Effective Date.

Exit Loan Documents

The Exit Loan(s) shall be subject to the negotiation, execution and delivery of definitive Loan and security agreements, notes, guarantees, pledge agreements, and other documentation and customary certificates and legal opinions (collectively, the "Exit Loan Documents"), which in each case will be in form, substance and enforceability reasonably satisfactory to the Exit Lender.

Reporting

As is customary in this type of transaction, with reporting made no less frequently than one (1) time per month. The reporting requirements will include a monthly income statement, budget to actual data, as well as other reports which may be reasonably requested by Exit Lender.

Prior Agreements

This Exit Loan Facility Term Sheet shall supersede all prior agreements between the parties and affiliated entities, including but not limited to the letter agreement dated September 10, 2019 addressed to Meridian Capital Group regarding the Property.

CHURCHILL REAL ESTATE HOLDINGS  
LLC

DATED: October 18, 2019

By:   
Sorabh Maheshwari, Authorized Signatory

ACCEPTED AND AGREED TO:  
ACCEPTED AND AGREED TO BY BORROWER  
AAGS HOLDINGS LLC, DEBTOR IN POSSESSION  
DATED: October 18, 2019

:

By: \_\_\_\_\_  
Name: David Goldwasser, Authorized Signatory

ACCEPTED AND AGREED TO BY INDIVIDUAL GUARANTOR:  
DATED: October 19, 2019

By:   
Name: Gary Segal

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